

## Message Text

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PAGE 01 MANILA 13884 021017Z

ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 NSC-05  
SS-15 /051 W

-----047080 030323Z /70

R 020801Z SEP 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4643

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E.O. 11652: NA

TAGS: SHUM, EAIR, RP

SUBJECT: CIVAIR: STIFFER TRAVEEL TAX FOLLOWS LIFTING OF TRAVEL BAN

REF: MANILA 13394

1. PURSUANT TO PD 1883 (REFTEL) THE SECRETARY OF FINANCE PREPARED A SCHEDULE TO TRAVEL TAXES FOR FOREIGN TRADE WHICH WAS APPROVED BY THE PRESIDENT AND RELEASED ON AUGUST 31, EFFECTIVE THE NEXT DAY. REVENUE AGENTS WENT OUT TO COLLECT THE TAX AT THE AIRPORT ON SEPTEMBER 1, AND BULLETIN TODAY REPORTED THAT OVER 100 PASSENGERS HAD TO CANCEL THEIR TRIPS BECAUSE THEY COULD NOT COME UP WITH THE MONEY ON THE SPOT. MOST OF THESE WERE PROBABLY ONE-WAY TICKET HOLDERS OR IMMIGRANTS.

2. THE TRAVEL TAX SCHEDULE PROVIDES FOR A MINIMUM OF 2,000 PESOS FOR FIRST-CLASS TICKETS PRICED \$1,700 AND LOWER, WITH A MAXIMUM OF 3,750 PESOS FOR TICKETS PRICED \$3,300 AND HIGHER. THE MINIMUM TAX FOR ECONOMY CLASS TICKETS IS 1,250 PESOS FOR TICKETS WORTH UP TO \$1,100, WITH A MAXIMUM OF 2,250 PESOS FOR TICKETS COSTING OVER \$1,999. THE BUREAU OF INTERNAL REVENUE COLLECTS THE MINIMUM TAX WHEN ISSUING THE REQUIRED TAX CLEARANCE FOR EXIT, WHILE THE AIRLINE OR

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PAGE 02 MANILA 13884 021017Z

TICKET SELLER COLLECTS ANY DIFFERENCE OWED BASED ON THE VALUE OF THE TICKET ISSUED.

3. AS MAY BE EXPECTED, THE SUDDEN IMPOSITION OF THE TAX HAS CREATED CONFUSION AND SOME HARDSHIP, E.G., AN IMMIGRANT FAMILY FROM ILOCOS WHICH COULD NOT COME UP WITH THE MONEY. AIRLINE EMPLOYEES ARE PARTICULARLY UNHAPPY SINCE THEIR LOW

PHILIPPINE WAGES AND SALARIES WOULD MAKE THE TRAVEL TAX PROHIBITIVE, AND ON SEPTEMBER 1 A GROUP OF THEM CORNERED SECRETARY VIRATA IN THE VIP LOUNGE AT THE AIRPORT AND HELD UP HIS DEPARTURE FOR THE ASEAN ECONOMIC MINISTERIAL IN PATTAYA UNTIL HE VERBALLY AGREED TO DO SOMETHING ABOUT THEIR LIABILITY FOR THE TAX.

4. FINALLY, THERE ARE MANY QUESTIONS ON IMPLEMENTATION, AND A MEETING BETWEEN FINANCE/BIR AND THE INDUSTRY (AIRLINES AND TRAVEL AGENTS) WAS HELD ON SEPTEMBER 2 TO DISCUSS THE ISSUES. THE MEETING WAS ATTENDED BY 200 PEOPLE AND BROKE UP WITH ONLY ONE AGREEMENT, THAT IS, EACH GROUP WILL NOMINATE A REPRESENTATIVE IN ORDER THAT A MORE MANAGEABLE MEETING COULD BE HELD.  
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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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